



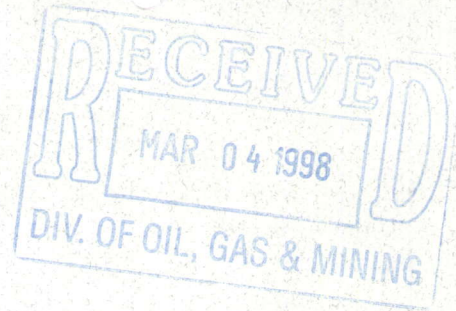
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March 2, 1998

Wayne Hedberg - Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah



M/035/012

Re: Information Required By Conditional Approval, Harper Contracting Parleys
Canyon Amendment, M/035/012

Dear Mr. Hedberg:

Harper Contracting, Inc. (Harper) is hereby providing information in compliance with the terms of the Conditional Approval, dated February 5, 1998, issued by the Division of Oil Gas and Mining (Division) for an amendment to operations of the Parleys Canyon Quarry. The Conditional Approval required that: Harper provide a detailed description of new crusher (material processing) facilities to be added as part of the amended operations; new calculations of surety, and; provision for increased surety upon the Division's review and acceptance of surety calculations. The information requested was to be provided within 45 days of Harper's written acceptance of the terms of the Conditional Approval, which Harper provided in a letter dated February 6, 1998.

Additional Material Processing and Associated Equipment

Harper intends to operate additional material processing equipment in a new facilities area. The additional equipment could include the maximum equipment shown in the following table.

The table also contains the number of truck trips estimated for removal of the additional equipment to be used at the site. These estimated truck trips are included in the surety estimate further described in the next section.



Description	Comment	Removal Truck Trips
Cone/Screen Plant	The screen and cone are a single trailer mounted unit.	1
Jaw Crusher/Hopper/Feeder	These units are used for initial receipt of material to be processed by the plant to be fed by a loader, and for initial crushing of the material.	1
Generator Set	A diesel generator is planned to supply power to the crushing plant, and to provide service power to the operations.	1
(3) Stacker Conveyors	Stacker conveyors will be used to form stockpiles of the various products to be produced by the plant.	2
(6) Conveyors	Conveyors will be used to carry unprocessed and processed material within the plant, and to feed material to the stacker conveyors.	3
Liquid Storage Tanks	(1) Diesel fuel storage tank will be located in the new facility area. Several drums used to store lubricating oils and hydraulic oils will also be located in the new facility area.	1

In addition to the above equipment, the new facilities area will have three to five stockpiles of products produced or of material to be supplied to the plant. The stockpiles of various products will be generated according to market demands. Since all material generated is a marketable material, 0 - 2000 cubic yards of loose material could be left in the new facilities area to be regraded upon cessation of operations. The costs of regrading 2000 cubic yards of material is included in the new surety calculations.

Loaders will be used to feed the plant, transfer stockpiles, and to load trucks in the new facilities area. An additional dozer(s) may also be used to push materials to the new facilities area. Because of the mobile nature of this equipment, and the value of such equipment, no surety costs are associated, consistent with previous calculations.

Surety

To date, Harper has provided surety for approved operations in the amount of \$36,800. This surety was calculated based upon costs associated with regrading and revegetating disturbed areas, and costs associated with removal of any equipment, structures, etc., which would be used

as part of operations. The amendment submitted by Harper proposed changes (increases and decreases) in disturbed areas, and additional material processing equipment to be installed on site. Therefore, a review of surety is warranted.

The original surety was calculated and approved in 1996, escalated for a period of 5 years to the year 2001. As required by the Conditional Approval, new surety calculations are based upon 1998 dollars, and escalated 5 years forward to the year 2003. This document includes as an attachment, recreation of the 1996 calculations for comparative purposes, and new surety calculations associated with the amendment.

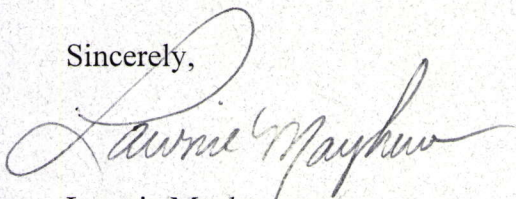
The basis for the new surety calculations are as follows:

- Costs that were originally estimated and approved in 1996 are escalated by a factor of 2.52%/yr, for a period of two years.
- Costs that were originally determined and approved in 1996 through the use of Means Heavy Cost Construction Data, 9th Annual Edition, are updated using Means Heavy Cost Construction Data, 12th Annual Edition.
- Costs that were originally determined through Division assistance (ripping) and approved in 1996 are escalated by a factor of 2.52%/yr, for a period of two years.
- A 10% contingency is added to the base cost. This subtotal is escalated for a period of 5 years, at a rate of 2.52%/yr.

The new surety total is \$46,200. Based on the calculations, an increase in surety is to be provided to the Division by Harper in the amount of \$9,400 (\$46,200 - \$36,800). Harper will provide bonding in this amount, within two weeks of the Division's acceptance of these surety calculations.

Should you have any questions please do not hesitate to contact me or Doug Jones with JBR Environmental Consultants at (801) 943-4144.

Sincerely,



Lawnie Mayhew
Environmental Coordinator

attachments

cc: Doug Jones

HARPER CONTRACTING RECLAMATION ESTIMATES, 1996 BOND CALCULATIONS

Item	Subgroup	1996 Reference	1996 Unit Cost	Cost Unit per	Variable 1	Variable 1 Units	Variable 2	Variable 2 Units	Variable 3	Variable 3 Units	1996 Cost
Gates & Signs	Gate(s)	Estimate	\$250.00	ea		1 ea					\$250
	Sign(s)	Estimate	\$25.00	ea		2 ea					\$50
	Labor	Estimate	\$25.00	hr		16 hrs					\$400
Regrading		Means, 022-200-242-5500	\$0.96	yd3		2000 yds					\$1,920
Safety Berms	Pit Benches	Means, 022-200-216-6050	\$4.74	yd3		7.5 yd3/berm		24 benches		2 berms/bench	\$1,706
	Access Roads	Means, 022-200-216-6050	\$4.74	yd3		24 yd3/berm		5 berms			\$569
Roads and Operational Areas	Side Cast Replacement	Means, 022-200-238-0200	\$1.97	yd3		3100 road feet		0.24516 yd3/ft		0.5 recovery	
	Ripping Pit Access Roads		\$410.00	acre		3100 road feet		20 ft wide		0.5 ripped	
	Ripping Pit Floor, Benches		\$410.00	acre		9.9 acres					\$4,059
	Water Bar Construction	Means, 022-200-238-0200	\$1.97	yd3		0.25 yd3/water bar		3400 road feet		150 feet/water bar	\$11
Cleanup	General Site Cleanup	Estimate	\$50.00	acre		16 acres					\$800
	Loading/Trucking	Estimate	\$345.00	piece		11 pieces					\$3,795
	FEL	Means, 016-400-408-4760	\$1,050.00	day		2 days					\$2,100
	Supervision	Estimate	\$30.00	hr		16 hours					\$480
Revegetation	Mulch	Estimate	\$475.00	acre		16.1 acres					\$7,648
	Fertilizer		\$150.00	acre		16.1 acres					\$2,415
	Seed		\$66.70	acre		16.1 acres					\$1,074
Reclamation Supervision			\$30.00	hr		32 hours					\$960
										Total	\$29,277
										Add 10% cont	\$32,205
										Escalation	\$3

HARPER CONTRACTING RECLAMATION ESTIMATES, JANAUARY 1998 AMENDMENT

Item	Subgroup	1996 Reference	1998 Unit Cost	Cost Unit per	Variable 1	Variable 1 Units	Variable 2	Variable 2 Units	Variable 3	Variable 3 Units	1998 Cost	Comment #
Gates & Signs	Gate(s)	Escalate 1996 cost by 2.52%/yr	\$262.76	ea	1	ea					\$263	2
	Sign(s)	Escalate 1996 cost by 2.52%/yr	\$26.28	ea	2	ea					\$53	
	Labor	Escalate 1996 cost by 2.52%/yr	\$26.28	hr	16	hrs					\$420	
Regrading		Means, 022-200-242-5500	\$1.00	yd3	4000	yds					\$4,000	1,3
Safety Berms	Pit Benches	Means, 022-200-216-6050	\$5.05	yd3	7.5	yd3/berm	17	benches	2	berms/bench	\$1,288	1,4
	Access Roads	Means, 022-200-216-6050	\$5.05	yd3	24	yd3/berm	5	berms			\$606	1,5
Roads and Operational Areas	Side Cast Replacement	Means, 022-200-238-0200	\$2.04	yd3	3460	road feet	0.24516	yd3/ft	0.5	recovery	\$865	1,6
	Ripping Pit Access Roads	Escalate 1996 cost by 2.52%/yr	\$430.92	acre	3460	road feet	20	ft wide	0.5	ripped	\$342	6
	Ripping Pit Floor, Benches	Escalate 1996 cost by 2.52%/yr	\$430.92	acre	6.7	acres					\$2,887	
	Water Bar Construction	Means, 022-200-238-0200	\$2.04	yd3	0.25	yd3/water	3460	road feet	150	feet/water bar	\$12	1,6
Cleanup	General Site Cleanup	Escalate 1996 cost by 2.52%/yr	\$52.55	acre	16.1	acres					\$846	1
	Loading/Trucking	Escalate 1996 cost by 2.52%/yr	\$362.61	piece	20	pieces					\$7,252	
	FEL	Means, 016-400-408-4760	\$1,000.00	day	4	days					\$4,000	
	Supervision	Escalate 1996 cost by 2.52%/yr	\$31.53	hr	32	hours					\$1,009	
Revegetation	Mulch	Escalate 1996 cost by 2.52%/yr	\$499.24	acre	16.1	acres					\$8,038	
	Fertilizer	Escalate 1996 cost by 2.52%/yr	\$157.66	acre	16.1	acres					\$2,538	
	Seed	Escalate 1996 cost by 2.52%/yr	\$70.10	acre	16.1	acres					\$1,129	
Reclamation Supervision		Escalate 1996 cost by 2.52%/yr	\$31.53	hr	48	hours					\$1,513	
Comment												
1 All Reference to Means refers to <u>Means Heavy Construction Cost Data, 12th Annual Edition</u>												
2 No additional gates are necessary as part of the amendment.												
3 Estimate that the second facility area has the same amount of material to regrade as the first.												
4 250' elevation change, 15 X 15 benches.												
5 No additional access road berms need to be constructed.												
6 Main access road to top left unreclaimed.												
7 Escalation based on 2.52%/yr, for a period of 5 years.												
Subtotal											\$37,061	
Add 10% cont											\$40,767	
Escalation											\$46,170	7
Rounded											\$46,200	